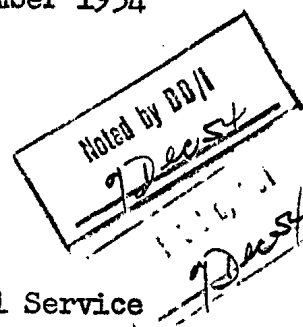


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3 December 1954



MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Security Statistics Furnished to the Civil Service Commission.

REFERENCE : Memo dtd 24 Nov 54 to NSC fr ES/NSC, sub: "Security Requirements for Government Employment."

1. The agenda for a meeting of the National Security Council on 9 December 1954 will contain a summary report from the U. S. Civil Service Commission on the manner in which Executive Order No. 10450 is being implemented.

2. Section VI on pages 8 and 9 of this report states that the security statistics furnished by this Agency for the Quarter ending 30 September 1954 were classified "secret" and were not to be released by the Commission. The report also points out that statistics for the Government as a whole will continue to be made public and that perhaps questions will arise as to the absence of CIA statistics in future reports.

3. You are familiar with the reasoning behind our request to the Civil Service Commission. Exchanges of correspondence between you and Mr. Young on this matter are attached. (Tab A)

STAT

L. K. WHITE
Deputy Director
(Administration)

Att: Tab A
Reference

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ER-6-3126/u

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TAB
A

29 November 1954

Honorable Philip Young
Chairman
United States Civil Service
Commission
Washington, D. C.

Dear Mr. Young:

Many thanks for your
letter of November 23 con-
cerning certain releases.
Your cooperation in this
matter is deeply appreciated.

Sincerely,

/s/

Allen W. Dulles
Director

ER-6-3126

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November 23, 1954

Honorable Allen W. Dulles, Director
Central Intelligence Agency
Washington 25, D. C.

Dear Mr. Dulles:

In reply to your letter of October 18, 1954, the Civil Service Commission will exclude from its published releases on security statistics those figures reported by the Central Intelligence Agency.

If this omission is questioned my attitude will simply be that it is deemed not to be in the public interest to make the figures available.

Sincerely,

/s/
Philip Young
Chairman

PY:mdj

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ER-6-1809

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October 22, 1954

S E C R E T

Honorable Allen W. Dulles, Director
Central Intelligence Agency
Washington 25, D. C.

Dear Mr. Dulles:

Thank you for your letter of October 18th which was delivered to me by Colonel White.

I appreciate the point of view which you express with respect to the public release of the CIA security statistics. I know that you desire to cooperate fully in the implementation of Executive order 10450.

I have asked for comment from the White House as to whether there is any reason why I should not comply with your request in the light of all the circumstances you describe. At the moment I have strict instructions that these statistics are to be released publicly in exactly the same form as they appeared in the first release last March. CIA was included at that time and so far as I know there has been no comment with respect to this up to now.

I assume that your present request was arrived at only after a careful weighing of the question as to whether an exclusion of CIA would create a difficult public relations situation.

Sincerely,

/s/
Philip Young
Chairman

PY:mdj

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C O P Y

The Honorable Philip Young
Chairman
Civil Service Commission
Washington 25, D. C.

Dear Mr. Young:

I am deeply concerned by the recent public release of the security statistics of the Central Intelligence Agency which were furnished to the Civil Service Commission in conformity with Executive Order No. 10450.

This Agency has extremely sensitive liaison arrangements with various foreign government intelligence services. These arrangements are predicated upon mutual trust and confidence and the integrity of the intelligence officers concerned. The publication of security statistics tends to raise a question in the minds of those cooperating services as to the reliability and integrity of our personnel and, in general, casts reflection upon this Agency. Any question of this nature tends to impair these relationships and dry up highly productive sources of information.

It is my responsibility under the National Security Act of 1947 to protect the methods of intelligence and sources of information and to this end I have effected a rigid security program for the elimination of security risks in any form. I deem this exercise of responsibility to be a highly classified internal matter and not one for public release and consequent knowledge to a number of persons and foreign governments who do not have a need to know.

It has been clearly established that one of the targets of the Soviet intelligence service, as directed against the American intelligence system, is the identification of personnel engaged in intelligence activities and the possibility of exploiting any of their moral or other weaknesses or vulnerabilities. The publication of statistics in this regard improves the chances of identifying those persons terminated as security risks and the possibilities for ex-

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ploitation, particularly of their knowledge of this Agency's activities in which they were previously engaged.

Within this Agency the determination of security risks and effecting their separation is handled only by those personnel who have an absolute need to know. The remaining personnel are unwitting of such problems and particularly of the statistical results thereof. The public release of such figures has an adverse effect upon the morale of other employees and causes questions and speculation where none should exist. In addition, the recruitment of personnel is on a highly selective basis in view of the serious responsibilities our employees must assume, possible risks they may be required to take in the performance of their duties, and the necessary interdependence of employees upon each other in sensitive intelligence activities. The public release of security statistics again may have an adverse effect upon our recruitment efforts and raise questions in the minds of prospective applicants as to the desirability of becoming employees of this Agency.

It is my desire to cooperate fully in the implementation of Executive Order No. 10450. However, for the reasons which I have indicated I feel that it is necessary to classify as "secret" the statistics that the Central Intelligence Agency furnishes to the Civil Service Commission. It is requested that any further dissemination be on a strict need-to-know basis and that such statistics not be made public under any circumstances.

Sincerely yours,

/s/

Allen W. Dulles
Director

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MEMORANDUM FOR MR. DULLES

Rec'd by G.L.
7 Dec 54
24 November 1954
Deest

Section 14 of Executive Order 10450 directs the Civil Service Commission to continually study, and determine deficiencies in, department and agency security programs.

Attached for NSC information is Civil Service Commission's report for the 6-months period ending 30 June 1954, which includes:

Page 2 - Deficiencies which have developed, and corrective actions taken: inclusion in security criteria of amendments to deal with refusals to testify before Congressional Committees on grounds of self-incrimination; slowness of agency actions on full field investigations; delay in review and readjudication of full field investigations; delay in evaluation and adjudication of investigations of sensitive positions; lack of qualified personnel; delay in assembling security hearing boards; definition of a removal for security reasons; duplication between Commission's determination of suitability and the agency determination on security; and amount of investigation required for sensitive positions of a non-critical nature.

Page 7 - Deficiencies in Some Department and Agency Security Programs: irregularity in security regulations of the Federal Mediation and Conciliation Service; disclosure of confidential information from Federal Bureau of Investigation reports; and numerous levels of adjudicative action causing delay in final action.

Page 8 - Tendencies to Deny Employee Rights. Speed-up in reaching final decisions resulting from requirements of Executive Order 10550 should alleviate this situation.

Page 8 - Applications to Commission For Determination of Reemployment Eligibility. From May 1953 to October 1954, 48 persons, whose employment had been terminated under security authority, had applied to the Commission for eligibility for employment; favorable decisions were rendered on 6 applications.

Tab Exhibit B - A list of security appraisal inspections completed and in process.

PAGE 8 - CIA REPORTS. CIA classified its report on security cases for quarter ending 30 September as secret and requested that access to its security statistics be on a strict need-to-know basis with no publicity in any circumstances. Release of statistics quarterly by agency, as has been publicly announced, without inclusion of CIA, would indicate that the report was incomplete and perhaps invite questions. In the absence of instructions to the contrary, the Commission will not release to the public CIA security statistics when such releases on other agencies are made.

RECOMMENDATION. Action has been taken to correct or check major deficiencies or tendencies to deny employee rights. No additional action by NSC is recommended at this time.


FNP

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

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6 - 3139 *rc. ew.*
November 24, 1954

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Security Requirements for Government Employment
REFERENCE: Executive Order 10450 dated April 27, 1953 as
amended October 14, 1953 and August 5, 1954

The enclosed report by the Civil Service Commission, prepared pursuant to Section 14 of the reference Executive Order, on the results of its study for the period December 31, 1953-June 30, 1954 of the manner in which the Executive Order is being implemented by the departments and agencies of the Government is transmitted herewith for the information of the National Security Council. It is currently scheduled for Council action December 9, 1954.

James S. Lay, Jr.
JAMES S. LAY, Jr.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Director, Bureau of the Budget
The Chairman, Civil Service Commission
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence
The Chairman, Interdepartmental Intelligence Conference
The Chairman, Interdepartmental Committee on Internal Security

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THIRD U. S. CIVIL SERVICE COMMISSION SUMMARY REPORT
PURSUANT TO SECTION 14 OF EXECUTIVE ORDER NO. 10450
(SECURITY REQUIREMENTS FOR GOVERNMENT EMPLOYMENT)
FOR THE PERIOD SUBSEQUENT TO DECEMBER 31, 1953.

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UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON 25, D. C.

November 23, 1954

Mr. James S. Lay, Jr.
Executive Secretary
National Security Council
Washington, D. C.

Dear Mr. Lay:

Attached is the Third U. S. Civil Service Commission Summary Report to the National Security Council, pursuant to Section 14 of Executive Order No. 10450 (Security Requirements for Government Employment). This report is for the period December 31, 1953, through June 30, 1954.

Sincerely yours,

/s/ PHILIP YOUNG

Philip Young
Chairman

Attachment

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UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON 25, D. C.

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Third U. S. Civil Service Commission summary report pursuant to Section 14 of Executive Order No. 10450 (Security Requirements for Government Employment) for the period subsequent to December 31, 1953.

I. INTRODUCTION

Under Section 14 of Executive Order No. 10450, the Civil Service Commission makes a continuing study of the manner in which the Executive Order is being implemented by departments and agencies to determine whether there are any deficiencies which might weaken the national security or tendencies to deny the individual employee fair treatment under the Constitution, appropriate laws, and this Order, and makes its reports to the National Security Council. This report is submitted under that requirement of the Order and is the third such report submitted to the National Security Council.

II. DEFICIENCIESA. Deficiencies Which Have Developed in the Program as a Whole and Corrective Actions Taken

1. Inclusion in security criteria of refusal of an individual to testify before Congressional Committees on grounds of self-incrimination

This strengthening of the program was effected by Executive Order No. 10491 and Executive Order No. 10531, amending the original Order. Executive Order No. 10531 provides for investigation of such cases by the Federal Bureau of Investigation.

2. Speeding up agency actions on full field investigations

A basic weakness in the entire security program has been the length of time required for employing agencies to act on reports of full field investigation, particularly when the cases are of a difficult

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and complex nature requiring hearings and appeals and, in some cases, further investigation. In a seriously adverse case undue delay in effecting suspension and separation obviously weakens the national security. At the same time any undue delay in reaching final decision in the case of an employee who has been suspended under the Order is unfair to the employee. This weakness in the program resulted in consideration being given in the Legislative Branch to correct the situation by means of law. Executive Order No. 10550 of August 5, 1954, was issued as an amendment to Executive Order No. 10450 to correct this weakness. This amendment in general provides:

- a. The Civil Service Commission shall inform the National Security Council immediately of any deficiency which is deemed to be of major importance.
- b. The head of each department and agency shall, as soon as possible and in no event later than ninety days after receipt of the final investigative report on a civilian officer or employee subject to a full field investigation, advise the Commission as to the action taken with respect to such officer or employee.
- c. The information furnished by the heads of departments and agencies under this amendment shall be included in the reports which the Civil Service Commission is required to submit to the National Security Council, including any deficiencies and specific instances of non-compliance with the Order.

Under date of October 27, 1954, the Commission issued instructions to departments and agencies to implement this Executive Order. Any deficiencies on the part of the heads of departments and agencies in taking timely action under this Order will be reported promptly to the National Security Council.

3. Delay in review and readjudication of full field investigations made under Executive Order No. 9835 (Sections 4 and 11 of E. O. 10450)

A weakness in the security program continues to persist with respect to the review and readjudication where necessary of full field investigations conducted under Executive Order No. 9835. The Commission has repeatedly brought this matter to the attention of

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departments and agencies, and where budgetary problems have been involved, the Bureau of the Budget has been brought in. It is recognized that lack of qualified adjudicative personnel constitutes the principal problem for a number of the departments and agencies. Every effort is being made by most departments and agencies to have this work completed by December 31, 1954.

A recent survey disclosed that as of October 1, 1954, the following departments and agencies had on hand the number of cases indicated, and did not expect to complete them until some time in 1955:

Post Office Department	1,915 cases
Veterans' Administration	837 "
Treasury Department	434 "
Department of State	236 "

Aside from a few cases which require further investigation, other departments and agencies have reported their cases will be current by December 31, 1954.

The Department of the Air Force has advised the Commission by letter dated December 16, 1953, it had for some time adjudicated its cases under the standards established before Executive Order No. 10450. Therefore, the Department considers it unnecessary to readjudicate any of the cases previously closed, except by reason of changed circumstances or upon receipt of new information relating to any of its employees.

4. Delay in evaluation and adjudication of investigations of sensitive positions

There has been delay in completing, evaluating, and adjudicating investigation for sensitive positions. Departments and agencies reported to the Commission that as of June 30, 1954, there were 20,069 sensitive cases pending; the investigation had not been completed in 14,147 of these cases. The problems here are similar to those mentioned in Section 3 immediately above. The goal for currency of this work has been set as December 31, 1954. A summary table is attached as Exhibit A.

5. Lack of qualified personnel

This, or any security program, can be no stronger than the people who administer it. A weakness that has characterized, although in decreasing degree,

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the entire security program results from the fact that when Executive Order No. 10450 became effective on May 28, 1953, there was not immediately available in all departments and agencies a sufficient number of officers and employees fully qualified to operate the program. That is to say, there were not sufficient employees available who:

- a. understood the security program,
- b. possessed the requisite objectivity of mind,
- c. were capable of being fair-minded to the United States and to the employee, and
- d. understood the danger to the United States involved in security determination.

The Commission's continuing study has shown that on-the-job training and experience are increasing the understanding and objectivity of employees working with the program. The Commission, through its continuous day-to-day contact with key officials and employees of departments and agencies working on the security program, has been able to contribute substantially to the process of improving the understanding and competence of agency personnel in the security field. This situation is showing gradual and constant improvement.

6. Delay in assembling security hearing boards

A continuing weakness affecting the entire security program has been the difficulty in assembling promptly security hearing boards. This, of course, slows down action on cases. Many of the individuals named to the Security Hearing Board Roster by the various departments and agencies occupy responsible positions and the urgency of their regular duties makes them unavailable at times to serve as members of hearing boards. The problem becomes acute in certain areas when heavy, temporary workloads develop. The Commission has again called this problem to the attention of the heads of departments and agencies, emphasizing that an appropriate number of individuals should be named to the security hearing board roster in accordance with established standards. We are stressing that such persons should serve when selected except for compelling reasons approved by an appropriate official in the department or agency designated to pass on reasons for not serving. This problem will decrease in the future as incumbent

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cases are disposed of and the work-load levels off to the rate of receipt of new cases.

7. Definition of a removal for security reasons

There continued to be during this reporting period some misunderstanding of what constituted removal of an employee on security grounds. The Commission referred this matter for clarification to the Attorney General. He advised to the effect that removal because of derogatory information falling within the purview of Section 8(a), (2) through (7), of Executive Order No. 10450, constitutes a removal for security reasons regardless of the relation of the position to the national security. Removals because of derogatory information falling within the purview of Section 8(a), (1), items (i) through (v), pertaining to a non-sensitive position having no relation to the national security, would not be security determinations, but would relate to the field of general suitability. A revised reporting form (Standard Form 77) clarifying these points was issued October 27, 1954.

8. Duplication between Commission's determination of suitability and the agency determination on security

Some duplication developed in rating actions on suitability matters carried out by the Commission under its responsibilities for administration of the merit system and security determinations made by an employing agency under Executive Order No. 10450. Thus, some cases were being evaluated twice, once by the Commission and once by the employing agency. This problem was referred to the Attorney General who advised that, generally speaking, the Commission would determine eligibility on all suitability factors, including questions of security or loyalty, on applicants and eligibles on civil service registers, and that the employing agency would determine questions of loyalty and security of employees, including new appointees. This decision will make it possible to solve the problem of duplicate evaluations of these investigations made under the Order.

9. Amount of investigation required for sensitive positions of a non-critical nature

There is still some confusion in the amount of investigation required for sensitive positions which are of a non-critical nature. The Attorney General is aware of this situation.

B. Deficiencies in Department and Agency Security Programs

1. Irregularity in security regulations of the Federal Mediation and Conciliation Service

Inspection by the Commission of the operation of the security program in the Federal Mediation and Conciliation Service disclosed that the security regulations of that agency provided that the suspending officer may transfer the employee to a non-sensitive position in lieu of suspending him without pay. Inasmuch as this appeared to be inconsistent with the provisions of Public Law 733 (81st Congress), which makes provision for the separation only of suspended employees, the matter was referred to the Attorney General for clarification. He advised that reassignments to non-sensitive positions could not be used in lieu of suspension. The agency regulations were changed to comply with the opinion of the Attorney General.

2. Disclosure of confidential information from Federal Bureau of Investigation report

In the inspection of the operations of the security program in one department, it was disclosed that in a hearing conducted under Executive Order No 10450, excerpts from FBI investigative reports were read to the employee involved and to his counsel. In one instance in the same case, information from an FBI report was furnished to the employee's counsel by letter. This was brought to the attention of the Attorney General, who advised that such a practice was most objectionable and should not continue. The Commission has notified all agencies to that effect and further violations have not been observed or reported.

3. Numerous levels of adjudicative action

Numerous reviews and rehearings delay final action in cases. Often these are the result of intervention by organized groups outside the government. Decisions initially should be just and right and, once made, should be final, except in the light of material new evidence. These repetitive hearings obviously can go on until a Board is finally convened which will find in favor of the individual.

The attention of the Secretary of the Army was invited to the numerous levels of adjudicative action in that Department, which resulted in many reconsiderations of adverse decisions. This has added greatly

to the elapsed time before final decisions. The Department of the Army has informed the Commission that it has eliminated the referral to a Hearing Board of cases in which an employee entitled to a hearing under Public Law 733, 81st Congress, fails to request such a hearing. The department has stated that this is a subject for continuing study; however, no further reduction in adjudicative steps have been made.

III. TENDENCIES TO DENY EMPLOYEE RIGHTS

Delay in Reaching a Final Decision in Cases of Suspended Employees

Page
8

There has been a delay, quite prolonged in some instances, in reaching final decision in the cases of employees who have been suspended under the Order. It is believed that the speed-up in reaching final decisions resulting from the requirements of the Executive Order No. 10550 will greatly alleviate this situation. This matter will receive the close attention of the Commission in discharging its responsibilities under Section 14 of the Order, as amended by Executive Order No. 10550.

IV. APPLICATIONS TO COMMISSION FOR DETERMINATION OF REEMPLOYMENT ELIGIBILITY UNDER SECTION 7 OF EXECUTIVE ORDER NO. 10450

Section 7 of the Order provides that no person whose employment has been terminated under security authority may be reemployed in any other department except after a determination by the Civil Service Commission that such person is eligible for such employment.

For the period May 28, 1953, to October 1, 1954, 48 persons had applied to the Commission for eligibility under this provision and with the following results:

Favorable decisions	6
Unfavorable decisions	22
Closed without action	9
Pending determination	11

V. SECURITY APPRAISAL INSPECTIONS

A list of security appraisal inspections completed and in process is attached as Exhibit B.

VI. CENTRAL INTELLIGENCE AGENCY REPORTS

The Central Intelligence Agency classified their report on security cases for the quarter ending September 30, 1954, as secret. The report was accompanied by a memorandum requesting that security statistics furnished by that Agency be on a strict "need to know" basis and that such statistics not

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be made public under any circumstances. Both the classification and the request operates to prevent our release of statistical information pertaining to CIA when such statistical information is hereafter released quarterly, as has been publicly announced.

Release of statistics by agency without the inclusion of CIA would point up the absence of CIA statistics and, therefore, indicate that the report was incomplete to that extent, and perhaps invite questions concerning the omission of CIA from the report. In the absence of instructions to the contrary, the Commission will not release to the public CIA security statistics when such releases are made covering other agencies.

VII. RECOMMENDATION

Action already has been taken to correct or check the major deficiencies or tendencies to deny employee rights under the security program. Therefore, no additional action by the National Security Council is recommended at this time.

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Recapitulation of Department and Agency Report on Completion of
Adjudication of Sensitive Positions Under E.O. 10450
(Replies to D.C. 738, Supplement No. 1)

7/29/54

Agency	No. of inv. to be completed	Cases pending final adj.	Est. date of compl. of adj.	Remarks
Agriculture	115	117	9/30/54	Reported date of completion telephonically by Security Officer. Will have budget problem for needed funds and additional manpower.
Air Force	1,700	1,850	12/31/54	
Army	2,000	2,000 +	12/31/54	These cases are pending investigation in Military District of Washington.
Bureau of the Budget	34	35	- - -	Pending completion of investigation.
Canal Zone Government	7	24		Awaiting completion of investigations.
Civil Aeronautics Board	52	57		30 days after receipt of reports of investigation, adjudication will be completed.
Civil Service Commission	54	1,000	12/31/54	
Commerce	294	294	12/31/54	While only 294 full field cases for top secret clearance are pending, a total of 11,873 cases are pending for secret or confidential clearance based on NAC&I. These 11,579 sensitive cases (for less than top secret) are not receiving full field investigations. Completion of work depends on securing additional personnel. If budget request is approved, files will be reviewed by 12/31/54.

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Agency	No. of inv. to be completed	Cases pending final adj.	Est. date of Compl. of adj.	Remarks
Federal Civil Defense Adm. . . .	72	88	8/31/54	
Fed'l Communications Comm. . . .	14	25		11 will be completed within 30 days. Balance depends on date of receipt of rpts. of inv.
Fed'l Med. & Conc. Service . . .	36	66	9/1/54	
Fed'l Power Commission	9	10		Pending receipt of reports of investigation.
Fed'l Trade Commission	6	6	9/30/54	
Foreign Operations Adm.	307	384	10/15/54	
General Services Adm.	230	250	6/30/55	
Government Printing Office . . .	458	484		Awaiting approval of Joint Committee on Printing of Congress for investigative funds.
Health, Education & Welfare . .	30	79	9/30/54	
Housing & Home Finance	114	119		Will complete within 30 days after receipt of reports of investigation.
Interior	369	390	8/1/54	
Justice	375	2,453	12/31/54	Due to further processing and adjudication, some cases will not be completed by 12/31/54.
Labor	39	56	9/15/54	35 to be completed by 9/15/54; balance depends on adjudication procedures involved. Has budget problem on E.O. 9835 cases.

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Agency	No. of inv. to be completed	Cases pending final adj.	Est. date of compl. of adj.	Remarks
Nat'l Adv. Com. for Aero. . .	4	32	9/30/54	Difficult cases by 12/31/54.
Nat'l Labor Relations Board .	28	78	12/31/54	
Navy	2-3,000	2-3,000		Approximate figures. They infer that many cases will not be completed by 12/31/54. Completion dependent on nature of contents of reports--favorable or unfavorable.
Off. of Sec'y of Defense . .	188	195	9/30/54	
Small Business Adm.	120	120		Pending completion of investigation. Will have a budget problem due to denial of funds.
State	3,825	5,236	12/31/54	Department needs additional funds for evaluation and adjudication program. See Department's letter for details.
Tennessee Valley Authority .	21	21	8/31/54	
Treasury	112	784	9/30/54	
U.S. Information Agency . .	408	1,267	9/30/54	
Veterans Administration . .	126	149		Most cases are pending receipt of report of investigation.
TOTALS	14,147	20,669 +		

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LIST OF SECURITY APPRAISAL INSPECTIONS

Department of the Air Force
Department of the Army
Civil Service Commission
Federal Mediation & Conciliation Service
Federal Trade Commission

Government Printing Office
Housing and Home Finance Agency
 (Public Housing Administration
 (Federal Housing Administration
 (Home Loan Bank Board

Department of the Interior
National Advisory Committee on Aeronautics
National Labor Relations Board
Department of the Navy
U. S. Post Office Department

Department of State
Veteran's Administration
U. S. Information Agency
Department of Labor
Health, Education and Welfare
Foreign Operations Administration

Securities and Exchange Commission
Council of Economic Advisers
Bureau of the Budget
Department of Commerce
Federal Communications Commission

Federal Power Commission
Office of Defense Mobilization (In process)
Library of Congress (In process)
U. S. Tariff Commission (In process)

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